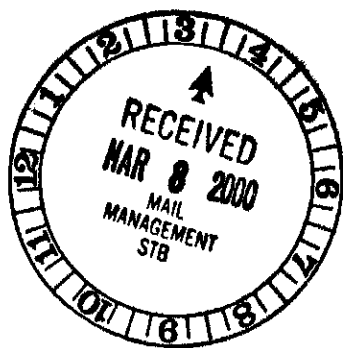


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COMMENTS BEFORE THE NATIONAL SURFACE
TRANSPORTATION BOARD -- MARCH 8, 2000

STATEMENT GIVEN BY MIC DINSMORE, EXECUTIVE DIRECTOR,
PORT OF SEATTLE

INTRODUCED BY CONGRESSMAN JIM MCDERMOTT,
WASHINGTON STATE -- 7TH DISTRICT

Thank you Congressman McDermott,

Madam Chair, members of the NSTB, I appreciate the opportunity to be before this board and speak about railroad mergers.

Even though the Port of Seattle and the Port of Tacoma are competitors, I am here today speaking on behalf of both Ports. Together, these two Puget Sound ports are the second largest container shipping load center in North America, handling almost 3 million TEUs and approximately 60 billion dollars worth of commerce annually.

Today, our state is the most trade-dependent in the nation -- where one in three jobs depends on international trade.

The movement of commerce through a gateway depends on a multitude of factors, but absolutely paramount is the option for shippers to choose between competitive railroads.

In our region, the choices have been either the BNSF or UPSP for U.S. shippers and the CN or CP for Canadian shippers using the Port of

Vancouver, B.C. This competition between two U.S. railroads and two Canadian railroads has both improved service and positively influenced the rate structures, as competition is suppose to.

The recent mergers (over the last 5 years) of the two railroads serving our region have been marginally successful, even though service failures were abundant.

Both Ports supported these mergers and are appreciative of the capital investments, made subsequently to them, resulting in expanded capacity. Although it is still too early to determine the ultimate magnitude of benefits.

Now, all of that being said, we are apprehensive about any further mergers in the west, such as a potential CN/BNSF merger and would respectfully ask the NSTB to consider the following issues as it deliberates mergers in general and this one in particular.

1. Will service levels actually improve?

2. Even though an oligopoly currently exists today, without competition from Canadian railroads, will shippers be advantaged or disadvantaged?
3. Will U.S. ports be able to compete with Canadian ports as we currently do (both West Coast and East Coast)?
4. Will the merged railroad have the same incentive to invest in infrastructure for efficiencies and capacity enhancements?
5. Will cargo be diverted from one Port to another based on differential pricing?
6. Have the recent rail mergers resulted in the desired effect and created improved situations for shippers, ports and others that rely on the railroads?

In summary, the Ports of Seattle and Tacoma have invested several billion dollars of public funds in building and maintaining transportation infrastructure in support of shippers routing their commerce through our gateways.

These very investments have created thousands of family wage jobs, resulting in substantial tax dollars being generated, positively impacting all the citizens of our region.

It seems to me that we are at a critical juncture in this merger process and both short-term, as well as long-term impacts should be carefully considered.

Our two ports are already substantially challenged when competing with Vancouver, B.C.; in areas such as harbor maintenance tax and the exchange rate. Any further devolution could, by definition, be disastrous. We urge the NSTB to carefully evaluate and respond to the questions I've just posed. The fate of many communities through this nation hinge on your actions.

In closing, I want to concur with the comment made earlier in the week by the U.S. Secretary of Transportation -- Downstream issues are important and should be factored into any decisions you make.

Thank you for allowing me to speak to you today.